

Message Text

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ACTION EB-08

INFO OCT-01 EA-09 ISO-00 FEA-01 AGRE-00 CEA-01 CIAE-00
COME-00 DODE-00 FRB-01 H-02 INR-07 INT-05 L-03
LAB-04 NSAE-00 NSC-05 PA-02 AID-05 SS-15 STR-04
ITC-01 TRSE-00 USIA-15 PRS-01 SP-02 OMB-01 /093 W
-----221113Z 063774 /20

P R 220727Z APR 77
FM AMEMBASSY SEOUL
TO SECSTATE WASHDC PRIORITY 3430
INFO AMEMBASSY TAIPEI
AMEMBASSY TOKYO
AMEMBASSY MANILA
AMCONSUL HONGKONG

UNCLAS SEOUL 3305

E.O. 11652: N/A
TAGS: ETRD, KS
SUBJ: NON-RUBBER FOOTWEAR STATISTICAL INFORMATION

REF: STATE 08574

1. STATISTICS HAVE BEEN PROVIDED BY KOREAN FOOTWEAR

EXPORTERS' ASSOCIATION AND KOREA LEATHER AND FUR EXPORTERS
ASSOCIATION. NON-RUBBER (N-R) CAPACITY IS
PRESENTED IN TERMS OF THAT PORTION ATTRIBUTABLE TO
PRODUCTION FOR EXPORT TO THE U.S. MARKET BECAUSE AVAILABLE
TIME PRECLUDED BREAKING OUT ANY BUT DATA PERTAINING TO THE
U.S.

THIRTY SEVEN FACTORIES REPRESENTING A SIXTY MILLION
DOLLAR INVESTMENT DIRECTLY EMPLOYING 36,750 WORKERS
(OUT OF 78,750 TOTAL FOOTWEAR EMPLOYMENT), AND 6,460
RELATED SUBCONTRACT WORKERS CAN PRODUCE SIXTY-FIVE
MILLION PAIR. PLANNED CAPACITY OVER THE NEXT FIVE YEARS
HAS BEEN IN ABEYANCE PENDING THE RESULT OF U.S. FOOTWEAR
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ACTIONS. BUT IN ANY EVENT, DATA IN FOURTH FIVE YEAR PLAN
IS NOT DIFFERENTIATED BY RUBBER OR N-R AND IS TOTALLED
WITH OTHER LIGHT INDUSTRY FIGURES.

2. THE MAJOR INVESTMENT IN THE INDUSTRY TOOK PLACE IN 1975
AND 1976 ON THE BASIS OF PROJECTED U.S. DEMAND, AND NO
NEW INVESTMENT IS LIKELY TO BE PLANNED UNTIL SO LONG AS THE
STATUS OF KOREAN ACCESS TO U.S. MARKET IS UNCERTAIN, AND

ALTERNATE MARKETS CAN BE FOUND FOR THE DIFFERENCE BETWEEN EXPORT TO THE U.S. AND 65 MILLION PRESENT CAPACITY. OVER 90 PERCENT OF KOREAN IMPORTS OF LEATHER RAW MATERIALS, CHEMICALS AND CAPITAL GOODS ARE FROM THE U.S.

3. EXPORTS IN 1974 TO U.S. TOTALLED ABOUT 9.2 MILLION PAIRS WHICH ASSOCIATIONS WERE UNABLE TO BREAKDOWN. HOWEVER, 1975-76 DATA IS AS FOLLOWS (FIRST THREE CATEGORIES ARE ATHLETIC SHOES NOT SEPARABLE BY SEX FOR WHICH THEY ARE INTENDED):

EXPORTS BY YEAR UNIT: Q'TY - 1,000 P/R
AMT -\$1,000

TOTAL EXPORTS (TO WORLD) N-R FOOTWEAR EXP. TO U.S.

(INCLUDE RUBBER) PCT SHARE OF PCT SHARE OF

Q'TY AMOUNT Q'TY TOTAL AMT. TOTAL

BY Q'TY BY AMT.

1975 106,234 209,245 20,931 19.7PCT 82,354 39.4PCT

1976 173,501 432,243 51,821 29.9PCT 203,374 47.1PCT

N-R FOOTWEAR EXPORTS TO U.S. BY TYPE OF SHOES

1975 1976

PERCENT PERCENT PERCENT PERCENT

Q'TY SHARE AMT SHARE Q'TY SHARE AMT SHARE

CHEMICAL SHOES 4,651 22.2 14,543 17.7 4,614 8.9 14,103 6.9

(VINYL)

TRACK SHOES 7,226 34.5 28,173 34.2 27,794 53.6 105,932 52.

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LEATHER ATHLETIC

SHOES 3,381 16.2 12,102 14.7 10,025 19.3 39,941 19.6

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JUNGLE SHOES 300 1.5 1,465 1.8 299 0.6 1,650 0.8

DRESS SHOES 4,039 19.2 23,997 29.1 5,451 10.5 37,762 18.6

(LEATHER)

OTHERS 1,334 6.4 2,074 2.5 3,638 7.1 3,986 2.0

TOTAL 20,931 100 82,354 100 51,821 100 203,374 100

N-R CHILDREN'S SHOES EXP. TO U.S. BY AVERAGE UNIT PRICE

\$2.- OR LESS \$2 - \$4 TOTAL

QUANTITY 2,430 8,200 10,630

AMOUNT 3,212 27,142 30,354

4. OUT OF 51,821,000 PRS. SHIPPED TO U.S. IN 1976,

ASSOCIATIONS STATE THAT 81.9 PERCENT WERE ATHLETIC SHOES OF QUALITY AND TYPE OF LIMITED INTEREST TO MANUFACTURERS IN THE U.S. OR ELSEWHERE. THEY CLAIM THAT ROK MANUFACTURED SHOES FILL A GAP IN THE U.S. MARKET WHICH IS OF PRINCIPAL BENEFIT TO LOWER INCOME CONSUMERS AND IS UNLIKELY TO BOOST DEMAND FOR HIGHER PRICED FOOTWEAR OR TO BE PICKED UP BY OTHERS, THEREBY AGGRAVATING THE INFLATIONARY AND SOCIAL EFFECTS THAT WILL INEVITABLY ARISE FROM RESTRICTIVE PROGRAMS BY SIMPLY

DESTROYING THAT SEGMENT OF U.S. DEMAND. THEY OFFER THE
FOLLOWING PRICE AND DEMAND DATA:

N-R FOOTWEAR EXPORTS TO U.S. BY AVERAGE UNIT PRICE (1976)

\$2.- OR LESS \$2 - \$4 \$4 -\$6 \$6 OR MORE TOTAL

TY 6,950 27,070 11,095 6,706 51,821

AMT. 9,244 89,673 56,460 47,997 203,374

DEMAND AND SUPPLY OF ATHEETIC SHOES LUNIT: 1,000 P/R

TOTAL U.S. DEMAND KOREAN SUPPLY RATIO

1975 25,000 13,500 54.0PCT

1976 42,00 35,900 85.4PCT

1977 70,000 - -

NO DETAILED PROJECTIONS FOR U.S. MARKET ARE AVAILABLE.

MANUFACTURERS ASSUME CONTINUED COMPARATIVE ADVANTAGE, EXTEND

LINEAR MARKET GROWTH CURVES, AND APPARENTLY JUST

PROVIDE OVERALL VALUE FIGURES FOR ANNUAL EXPORT TARGETS.

THEY ARE USING AN 11.9 PERCENT ANNUAL CONSTANT 1975

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PRICE INCREASE FOR THE NEXT FIVE YEARS. MIX WOULD SIMPLY

BE DETERMINED BY L/C OR ORDER ARRIVALS AND SUCCESS IN

OPENING SALES IN NEW MARKETS.

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Sent Date: 22-Apr-1977 12:00:00 am
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Disposition Reason:
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Secure: OPEN
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TAGS: ETRD, KS
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